Department of the Treasury

Internal Revenue Service

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Business Casualty, Disaster, and Theft Loss Workbook

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Introduction

This workbook is designed to help you figure your loss on business and income-producing property in the event of a disaster, casualty, or theft. It contains schedules to help you figure the loss to your office furniture and fixtures, information systems, motor vehicles, office supplies, buildings, and equipment. These schedules, however, are for your information only. You must complete Form 4684, *Casualties and Thefts,* to report your loss.

How To Use This Workbook

You can use this workbook by following these five steps.

1) Read Publication 547 to learn about the tax rules for casualties, disasters, and thefts.
2) Know the definitions of ***adjusted basis*** and ***fair market value,*** discussed below.
3) Fill out Schedules 1 through 6.
4) Read the instructions for Form 4684.
5) Fill out Form 4684 using the information you entered in Schedules 1 through 6.

Use the following chart to find out how you use these schedules to fill out Form 4684.

Take what's in...	And enter it on Form 4684...
Column 1	Line 19
Column 2	Line 19
Column 3	Line 19
Column 4	Line 20
Column 5	Line 21
Column 6	Line 23
Column 7	Line 24
Column 8	Line 25
Column 9	Line 26
Column 10	Line 27

Adjusted basis. Adjusted basis usually means original cost plus improvements, minus depreciation allowed or allowable (including any section 179 expense deduction), amortization, depletion, etc. If you did not acquire the property by purchasing it, your basis is determined as discussed in Publication 551, *Basis of Assets.*

Fair market value. Fair market value is the price for which you could sell your property to a willing buyer, when neither of you has to sell or buy and both of you know all the relevant facts. When filling out Schedules 1 through 6, you need to know the fair market value of the property immediately before and immediately after the disaster or casualty.

Deduction limits. If your casualty or theft loss involved a home you used for business or rented out, your deductible loss may be limited. See the instructions for Section B of Form 4684. If the casualty or theft loss involved property used in a passive activity, see Form 8582, *Passive Activity Loss Limitations,* and its instructions.

The casualty and theft loss deduction for employee property, when added to your job expenses and most other miscellaneous itemized deductions on Schedule A (Form

1040), must be reduced by 2% of your adjusted gross income. Employee property is property used in performing services as an employee.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. If you have attempted to deal with an IRS problem unsuccessfully, you should contact your Taxpayer Advocate.

The Taxpayer Advocate represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact your Taxpayer Advocate:

- Call the Taxpayer Advocate at **1–877–777–4778.**
- Call the IRS at **1–800–829–1040.**
- Call, write, or fax the Taxpayer Advocate office in your area.
- Call **1–800–829–4059** if you are a TTY/TDD user.

For more information, see Publication 1546, *The Taxpayer Advocate Service of the IRS.*

Free tax services. To find out what services are available, get Publication 910, *Guide to Free Tax Services.* It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.

Personal computer. With your personal computer and modem, you can access the IRS on the Internet at **www.irs.gov**. While visiting our web site, you can select:

- *Frequently Asked Tax Questions* (located under *Taxpayer Help & Ed)* to find answers to questions you may have.
- *Forms & Pubs* to download forms and publications or search for forms and publications by topic or keyword.
- *Fill-in Forms* (located under *Forms & Pubs)* to enter information while the form is displayed and then print the completed form.
- *Tax Info For You* to view Internal Revenue Bulletins published in the last few years.
- *Tax Regs in English* to search regulations and the Internal Revenue Code (under *United States Code (USC)).*
- *Digital Dispatch* and *IRS Local News Net* (both located under *Tax Info For Business)* to receive our electronic newsletters on hot tax issues and news.
- *Small Business Corner* (located under *Tax Info For Business)* to get information on starting and operating a small business.

You can also reach us with your computer using File Transfer Protocol at **ftp.irs.gov**.

TaxFax Service. Using the phone attached to your fax machine, you can receive forms and instructions by calling **703–368–9694.** Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.

Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call **1–800–829–3676** to order current and prior year forms, instructions, and publications.
- *Asking tax questions.* Call the IRS with your tax questions at **1–800–829–1040.**
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call **1–800–829–4059** to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call **1–800–829–4477** to listen to pre-recorded messages covering various tax topics.

Evaluating the quality of our telephone services. To ensure that IRS representatives give accurate, courteous, and professional answers, we evaluate the quality of our telephone services in several ways.

- A second IRS representative sometimes monitors live telephone calls. That person only evaluates the IRS assistor and does not keep a record of any taxpayer's name or tax identification number.
- We sometimes record telephone calls to evaluate IRS assistors objectively. We hold these recordings no longer than one week and use them only to measure the quality of assistance.
- We value our customers' opinions. Throughout this year, we will be surveying our customers for their opinions on our service.

Walk-in. You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Also, some libraries and IRS offices have:

- An extensive collection of products available to print from a CD-ROM or photocopy from reproducible proofs.
- The Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.

Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Find the address that applies to your part of the country.

- **Western part of U.S.:**
  Western Area Distribution Center
  Rancho Cordova, CA 95743–0001
- **Central part of U.S.:**
  Central Area Distribution Center
  P.O. Box 8903
  Bloomington, IL 61702–8903
- **Eastern part of U.S. and foreign addresses:**
  Eastern Area Distribution Center
  P.O. Box 85074
  Richmond, VA 23261–5074

CD-ROM. You can order IRS Publication 1796, *Federal Tax Products on CD-ROM,* and obtain:

- Current tax forms, instructions, and publications.
- Prior-year tax forms, instructions, and publications.
- Popular tax forms which may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

The CD-ROM can be purchased from National Technical Information Service (NTIS) by calling **1–877–233–6767** or on the Internet at **www.irs.gov/cdorders.** The first release is available in mid-December and the final release is available in late January.

IRS Publication 3207, *Small Business Resource Guide,* is an interactive CD-ROM that contains information important to small businesses. It is available in mid-February. You can get one free copy by calling **1–800–829–3676** or visiting the IRS web site at **www.irs.gov/prod/bus_info/sm_bus/smbus-cd.html**.

Schedule 1. **Office Furniture and Fixtures**

(1) Item	(2) No. of items	(3) Date acquired	(4) Cost or adjusted basis	(5) Insurance or other reimburse-ment and any salvage value[1]	(6) Fair market value before casualty or theft	(7) Fair market value after casualty or theft	(8) Decrease in fair market value	(9) Smaller of column (4) or column (8)[2]	(10) Casualty/ Theft Loss (Column (9) minus column (5))
Bookcases									
Books									
Chairs									
Desks									
File cabinets									
Lamps									
Partitions									
Sofas									
Tables									

[1]If column (5) is greater than column (4), you have a gain. Skip columns (6) through (10).
[2]If the property was completely destroyed or stolen, enter in column (9) the amount from column (4).

Schedule 2. **Information Systems**

(1) Item	(2) No. of items	(3) Date acquired	(4) Cost or adjusted basis	(5) Insurance or other reimburse-ment and any salvage value[1]	(6) Fair market value before casualty or theft	(7) Fair market value after casualty or theft	(8) Decrease in fair market value	(9) Smaller of column (4) or column (8)[2]	(10) Casualty/ Theft Loss (Column (9) minus column (5))
Card punches									
Card readers									
Card terminals									
Collators									
Computers									
Disc drives									
Disc files									
Fax machines									
Keyboards									
Magnetic tape feeds									
Modems									
Monitors									
Mouse									
Optical character readers									
Printers									
Surge protectors									
Tape cassettes									
Tape drives									

[1]If column (5) is greater than column (4), you have a gain. Skip columns (6) through (10).
[2]If the property was completely destroyed or stolen, enter in column (9) the amount from column (4).

Schedule 3. **Motor Vehicles**

(1) Item	(2) No. of items	(3) Date acquired	(4) Cost or adjusted basis	(5) Insurance or other reimburse-ment and any salvage value[1]	(6) Fair market value before casualty or theft	(7) Fair market value after casualty or theft	(8) Decrease in fair market value	(9) Smaller of column (4) or column (8)[2]	(10) Casualty/ Theft Loss (Column (9) minus column (5))
Automobiles									
Tractor units (over the road)									
Trailers and trailer-mounted containers									
Trucks									
Vans									

[1]If column (5) is greater than column (4), you have a gain. Skip columns (6) through (10).
[2]If the property was completely destroyed or stolen, enter in column (9) the amount from column (4).

Schedule 4. **Office Supplies**

(1) Item	(2) No. of items	(3) Date acquired	(4) Cost or adjusted basis	(5) Insurance or other reimburse-ment and any salvage value[1]	(6) Fair market value before casualty or theft	(7) Fair market value after casualty or theft	(8) Decrease in fair market value	(9) Smaller of column (4) or column (8)[2]	(10) Casualty/ Theft Loss (Column (9) minus column (5))
Calendars									
Correction fluid									
Envelopes									
File folders									
Glue									
Hole punchers									
Paper									
Paperclips									
Pencils									
Pens									
Rulers									
Scissors									
Stamp pads									
Staplers									
Staples									
Tape									

[1]If column (5) is greater than column (4), you have a gain. Skip columns (6) through (10).
[2]If the property was completely destroyed or stolen, enter in column (9) the amount from column (4).

Schedule 5. **Building, Components, and Land**

(1) Item	(2) No. of items	(3) Date acquired	(4) Cost or adjusted basis	(5) Insurance or other reimburse-ment and any salvage value[1]	(6) Fair market value before casualty or theft	(7) Fair market value after casualty or theft	(8) Decrease in fair market value	(9) Smaller of column (4) or column (8)[2]	(10) Casualty/ Theft Loss (Column (9) minus column (5))
Air conditioning units									
Building									
Bushes									
Central air conditioning									
Fans									
Fence									
Generators									
Heating system									
Heating units									
Landscaping									
Lighting systems									
Plumbing systems									
Roof									
Wall-to-wall carpet									

[1]If column (5) is greater than column (4), you have a gain. Skip columns (6) through (10).
[2]If the property was completely destroyed or stolen, enter in column (9) the amount from column (4).

Schedule 6. **Equipment**

(1) Item	(2) No. of items	(3) Date acquired	(4) Cost or adjusted basis	(5) Insurance or other reimburse-ment and any salvage value[1]	(6) Fair market value before casualty or theft	(7) Fair market value after casualty or theft	(8) Decrease in fair market value	(9) Smaller of column (4) or column (8)[2]	(10) Casualty/ Theft Loss (Column (9) minus column (5))
Accounting machines									
Calculators									
Clocks									
Copiers									
Duplicating equipment									
DVDs									
Microwave ovens									
Paper shredders									
Radios									
Safes									
Telephones									
Televisions									
Typewriters									

[1]If column (5) is greater than column (4), you have a gain. Skip columns (6) through (10).
[2]If the property was completely destroyed or stolen, enter in column (9) the amount from column (4).